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C O N F I D E N T I A L ISLAMABAD 002590

SIPDIS

E.O. 12958: DECL: 07/30/2018

TAGS: ECON PGOV PK PTER MOPS ETRD EIND PREL

SUBJECT: UNDER SECRETARY JEFFERY,S MEETING WITH NWFP GOVERNOR AND LOCAL BUSINESSMEN

REF: A) PESHAWAR 390 B) 07 PESHAWAR 129

Classified By: A/DCM E. CANDACE PUTNAM FOR REASONS 1.4 (B) AND (D)

Summary

¶1. (C) Under Secretary for Economic, Energy and Agricultural Affairs Reuben Jeffery met with Northwest Frontier Province (NWFP) Governor Owais Ghani July 18. The Governor outlined the province,s three-pronged strategy of the selective application of force, political dialogue, and socio-economic development for dealing with militants. He called attention to recent operations in Bara and Hangu as examples of application of force and said the government was building economic development capacity in those regions. The Under Secretary also discussed trade and development issues and the Reconstruction Opportunity Zone (ROZ) legislation with a cross section of NWFP and Federally Administered Tribal Areas (FATA) businessmen.

The Governor,s Three Part Strategy

¶2. (C) The Governor outlined a three-pronged strategy for dealing with extremism. Where there is a clearly demonstrated justification, he said security forces would use selective application of force. Political dialogue would follow, aimed at re-invigorating tribal systems, such as the jirga and council of elders, which would pave the way for social and economic development.

Economic Development

¶3. (C) The Governor highlighted four sectors where he hoped economic development would occur: education, agriculture, infrastructure and energy. Regarding education, he mentioned school building projects in Bajaur and proposals to re-invigorate the cadet college system (Note: the cadet college system offers education from 7th year until university with an emphasis on military style discipline. Seventy percent of cadet college students are scholarship students from underprivileged backgrounds. End note.) In respect to agriculture, he outlined several projects that, it is hoped, would reclaim land for farming, including small dam and embankment projects. In regard to infrastructure, the Governor spoke about cooperation between the Narcotics Affairs Section and the provincial government to build and improve roads. Regarding energy, he detailed a plan, now being tested as pilot projects in two villages, to create solar energy systems by the end of this year. He asked for

additional funding from the USG, noting that the province's capacity was growing for successful grant planning, implementing and monitoring.

Recent Operations in Bara and Hangu

¶4. (C) The Governor said there were good relations between the provincial government and the military in NWFP, pointing out that FATA falls outside of that jurisdiction. He outlined the Bara operation (Ref A) and said that the operation had been successful in regaining governmental authority and destroying militant bases. The local government must now work to keep Bara clear. The military waited longer than expected to move into Hangu because of a shortage of troops, but, once it occurred, the operation allowed police to move back into Hangu. The Governor emphasized that the forces in Swat should not be diluted. He said he hopes to bolster the police by recruiting 1,000 new police over the next month.

ROZ Sites

¶5. (C) The Governor emphasized his support for ROZ implementation. He said the provincial government has identified a number of sites for ROZ development, such as the marble city in Mohmand Agency (Ref B) and several existing

industrial parks, such as the one in Hayatabad on the border of Khyber Agency.

Feedback from Local Business Leaders

¶6. (U) Under Secretary Jeffery also met with local business leaders from NWFP and FATA. In the meeting, the group spoke about the increasing activities of militants. They detailed what the business community had been able to accomplish over the past year to counter this, including installing a private security force to protect Hayatabad Industrial Park against militant activities in neighboring Khyber Agency. The group noted that job creation and retraining are key to the security of FATA and NWFP and that ROZ legislation would facilitate additional employment for populations vulnerable to militancy.

¶7. (U) This cable has been cleared by Under Secretary Jeffery's staff.

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